

KANSAS RACING AND GAMING COMMISSION

MINUTES – MARCH 17, 2023

CALL TO ORDER (A.)

Chairman David Moses called the March 17, 2023, meeting to order at 10:00 a.m. The meeting was held at the Eisenhower State Office Building in Topeka, Kansas. Notice of this meeting was given to the public via the KRGC and Public Square websites. Commissioners Larry Turnquist, and Sheryl Spalding were also present. Others present included Executive Director Don Brownlee, General Counsel Judith Taylor, Director of Administration, Audit, and Finance Brandi White, Director of Sports Wagering and Licensing DJ Lopez, Director of IT&C-s Dennis Bachman, and other staff.

MOTION, APPROVE AGENDA (B.)

Commissioner Spalding (Turnquist) moved to approve the agenda as amended. Motion carried 3-0.

MOTION, APPROVE February 17, 2023 MEETING MINUTES (C.)

Commissioner Turnquist (Spalding) moved to approve the minutes of the February 17, 2023 meeting. Motion carried 3-0.

MOTION, APPROVE CONSENT AGENDA (D.)

Commissioner Spalding (Turnquist) moved to approve the consent agenda (five items). Motion carried 3-0.

LOTTERY GAMING FACILITY REPORTS/ITEMS; BOOT HILL CASINO & RESORT (E.1.a.)

Diane Giardine, General Manager, reported:

- February 2023 revenue numbers compared to February 2022:
 - Total gaming revenue decrease 1.93%
 - Total slot revenue down 3.95%
 - Table games revenue up 16.87%
 - In March, table games began operating 24 hours a day Thursday through Sunday.
- February 2023 Sports Wagering revenue numbers
 - Retail Sportsbook Revenue \$1,739.13
 - Up 111.09% from January 2023
 - On March 10th, a ribbon cutting ceremony was held for the permanent Draft Kings retail sportsbook location. A \$20K blackjack tournament and a \$10K slot tournament were held in conjunction with the grand opening ceremonies. Michael Jr. attended the Friday ribbon cutting. Mitch Lightfoot, Brian Goolsby, and Neil Smith welcomed patrons on Saturday.
 - Digital Sportsbook Revenue: \$1,999,981.733
 - Down 185.71% from January 2023

- The dip in revenue is attributed to the Super Bowl. The platform was able to recover 50% of losses but ended up just under negative \$2 million.
- February 2023 Sports Wagering
 - Largest Events
 - Superbowl
 - Indiana Pacers vs Sacramento Kings
 - Nets vs Wizards
 - Pelicans vs Sacramento Kings
 - Top Sports
 - 45% of bets were placed on NBA games.
 - 30% of bets were placed on NFL games.
 - 22.5% of bets were placed on College Basketball games.
- March 2023 Sports Wagering
 - As of March 14th, handle is greater than the entire month of February.
 - Largest Events through March 14th
 - Bulls vs Suns
 - Bucks vs 76ers
 - Oklahoma Thunder vs Utah Jazz
 - Top Sports
 - 53% of bets were placed on NBA.
 - 36% of bets were placed on College Basketball games.
 - It is anticipated that sports wagering will drop off after the national championship on April 3rd.
 - Chairman Moses asked if Draft King's provides a way to wager on March Madness brackets. General Manager Giardine said that Draft King's facilitates a pool for patrons to submit their brackets so they can attempt to win a prize. However, there is no cost to entry. Chairman Moses asked if a person would like to, could they wager on their bracket. General Manager Giardine said that she does not know the answer to that, but she believes it is setup as a pool, which requires free entry, because Draft Kings must do it that way.
 - 9% of bets were placed on NHL games.
 - Playoffs begin in April.
- Events and Promotions:
 - Weekly Kiosk Games
 - Weekly Food and Beverage Specials
 - Gift Promotions
 - Collect & Go Promotion

- VIP Promotions
- Promotions for United Wireless Arena Events
- February Headline: \$20k Slot Tournament
- March Headline: Lucky Loot Hot Seats
 - This was done after there were difficulties with a pre-planned Monopoly promotion.
- Glenn Miller Orchestra Band – February 4th
- Hairball – February 10th
- Upcoming Entertainment & Events
 - KSHSAA State Basketball – March 8 – March 11
 - Chairman Moses asked if sports wagering is allowed on the KSHSAA State Basketball tournament. General Manager Giardine said that no, it is not allowed. Chairman Moses said if he remembers correctly, that is due to statute. General Manager Giardine affirmed that was correct.
 - One Night of Queen – March 16
 - The Marshall Tucker Band – April 21
 - Los Tigres del Norte – April 23
 - For King & Country – April 29
 - Blippi – April 30
 - Night Ranger – May 12
 - Soccer: Kansas Bandits – December – March
 - Football: Southwest Storm – March – May

LOTTERY GAMING
FACILITY
REPORTS/ITEMS;
KANSAS STAR
(E.2.a.)

Doug Lang, Vice President and General Manager, reported:

- February 2023 revenue numbers compared to February 2022:
 - Total gross gaming revenue up 2.6%
 - Total slot revenue up 4.0%
 - Table games revenue down 2.4%
 - Attributed in large part to hold.
- February 2023 Sports Wagering revenue
 - Retail Sportsbook Revenue \$75,300.00.
 - Down 48% from January 2023
 - Digital Sportsbook Revenue: \$10,300.00
 - Down 99.7% from January 2023
 - This loss is attributed to the Kansas City Chiefs winning the Super Bowl.
- February 2023 Sports Wagering
 - \$69.7 million was wagered on FanDuel online.
 - Chairman Moses asked if the \$69.7 million was the nationwide or statewide revenue for the platform.

General Manager Lang confirmed that was only the revenue generated in the State of Kansas. Chairman Moses asked how that compares to other locations. General Manager Lang said that he does not get a nationwide breakdown of the platform's revenue, but he knows that Kansas is among the top regarding new sportsbooks revenue. Chairman Moses asked whether this could be attributed to the Chiefs, Kansas University, and Kansas State sports teams or the newness of sports wagering. General Manager Lang said that he believes it is the newness, noting that Pennsylvania is the largest market and will generate \$70 million in revenue on a weekend.

- \$1.53 million was wagered in person at FanDuel retail. Of this, \$979k was bet over the counter and \$574k was bet on the kiosks.
- There was a total of 11,271 bets made in person at FanDuel retail.
- The largest wager placed at retail was on Wednesday, February 1 taking the Purdue Boilermakers to beat the Penn State Nittany Lions in college basketball. The wager amount was \$20,128 and it won.
- The largest wager placed on the Super Bowl was \$10,000 and was on the Money line for the Chiefs to win the game. The wager was a winner and paid out \$20,000.
- Our biggest player at the Sportsbook wagered a total of \$266,281.
- On Super Bowl Sunday, there was \$378,955 wagered at FanDuel retail making it the largest wagered day since sports wagering began on September 1.
- On Saturday, February 18, there was \$230,792 wagered at FanDuel retail making it the second most wagered day only behind the Super Bowl. Of this, \$212,997 was wagered on basketball.
- General Manager Lang said that it was evident that the casino was packed on the morning of March 16th, a Thursday, for no other reason than the FanDuel sportsbook.
- March 2023 Sports Wagering
 - General Manager Lang explained that FanDuel's handling of March Madness brackets is the same as Draft Kings; free entry to the pool but no wagering on brackets.
- Upcoming Events and Promotions:

- Double Down | Friday and Saturdays
- VIP Blazing Hot Seats | 30 people win \$250 in Boyd Rewards | Thursday, March 8, 16 & 30
- VIP Cash Grab | Invited guests print voucher, take to Boyd Rewards, and pull an envelope from the drawing barrel. Guest wins denomination in card in cash up to \$5,000. | Thursday, April 9 | 5p-9p
- Luggage Giveaway | Friday, March 3,10,17 & 24 | 2p-9p
- Hosted Event | Saturdays in March | \$10,000 in Boyd Play or Free Bet | 6p-7:30p
- QT gift cards | Friday, March 31 | 2p-9p
- Upcoming Entertainment & Events:
 - Live Music at Tin Lizard | Travis Kidd | April 7-8 | 9pm-Midnight

LOTTERY GAMING
FACILITY
REPORTS/ITEMS;
HOLLYWOOD CASINO
AT KANSAS
SPEEDWAY
(E.3.a.)

Lydia Garvey, General Manager Manager, reported:

- Admissions were up 13.5% compared to February 2022
 - Chairman Moses asked how many hotels are in the immediate area of the Hollywood Casino. General Manager Garvey responds that there are five. Chairman Moses asks if there are any plans for Penn Entertainment to develop a hotel in the area. General Manager Garvey says that they continue to have conversations with developers. The issue is that it did not “pencil”; the occupancy of the existing hotels only runs around 60% - 65% and inflation is increasing the cost of building and financing the project. Chairman Moses clarifies that one of the reasons he asked the question is because he has some people reaching out saying that there is a void of high-quality hotels in the area. In the consumer’s opinion, having a higher-quality recognized hotel in the area would be a benefit. The Chairman says he will follow-up with KRGC staff on this matter. General Manager Garvey says that there are plans to meet with a developer for a more high-quality hotel, but they must make sure they will get a return on the investment.
- February 2022 revenue numbers compared to February 2022:
 - Total gross gaming revenue increase 6.6%
 - Slot revenue up 3.4%
 - Table games revenue up 43.1%
- February 2022 Sports Wagering revenue numbers
 - Retail Sportsbook Taxable Revenue was negative in February – a loss of \$1.6M.

- \$1.7M was lost due to the Super Bowl.
- Handle was down 19%. This reduction is attributed to the fewer number of days and NFL events in February. However, handle is significantly higher than expectations for the retail sportsbook.
- In February, the retail sportsbook's handle was the second highest in the company for all of Penn Entertainment.
- Governor Laura Kelly came to Hollywood Casino and redeemed her winning wager for the Kansas City Chiefs to win the Superbowl. Her proceeds were donated to the 15 and Mahomies Foundation, the property also contributed to the foundation.
- Just over \$1.5 million was wagered on the Superbowl.
- Early on a patron placed a \$10K wager for Patrick Mahomes to win the MVP award, that patron won \$100K.
- A patron bet \$300 on a parlay for the Houston Astro's to win the Worlds Series, Georgia Bulldogs to win the NCAA championship, and the Kansas City Chiefs to win the Superbowl, that patron won \$30K.
- Platform Sportsbook Taxable Revenue was negative in February – a loss of \$766,641.94.
- Handle dropped 14% compared to the month prior.
- Just over \$1 million wagered on the Superbowl and 25,000 bets placed.
- Biggest betting action online has been NCAA basketball.
 - \$500K wagered on Kansas University
 - \$187K wagered on Kansas State University
 - \$57K wagered on University of Missouri
 - \$17K wagered on Wichita State
- Chairman Moses asked if the platform has any data on the number of Missouri residents attempting to place wagers in Kansas. General Manager Garvey said that the Barstool Sportsbook does track that information, but she cannot provide it at this time. Chairman Moses asked Director of Sports Wagering and Licensing DJ Lopez if the KRGC tracks those numbers. Director Lopez said that he does not track that information. Executive Director Brownlee notes that last commission meeting he shared data from GeoComply regarding the number of Missouri residents who were blocked from wagering in Kansas and offers to send that information to the Chairman.
- March 2023 Sports Wagering

- General Manager Garvey explains that Barstool Sportsbook is not doing a March Madness bracket promotion. They are doing a split-the pool promotion based on any patron that does a \$10 or more parlay.
- The first day of the tournament was good for the retail sportsbook. Hollywood Casino's sports bar was packed.
- Recent/Upcoming Events and Promotions:
 - February 26 – Penn Millionaire Promotion
 - Penn Millionaire Slot Tournament – March 24
 - March 2 – Mad March Slot Tournaments
 - Preliminary Tournaments – March 2, 9, and 23
 - Grand Finale Tournament – March 30
 - Barstool Sportsbook Mad March
 - March 17 – Leprechaun Hot Seats
 - March 25 – Night of 101 Winners
 - April 1 – Easter Egg Hunt
 - April 12 - \$100,000 Big Draw
 - April 13 – VIP Pick Your Flower
 - April 15 – Vacation Getaway Giveaway

LOTTERY GAMING
FACILITY
REPORTS/ITEMS;
KANSAS CROSSING
CASINO
(E.4.a.)

Jeff McKain, General Manager, reported:

- Admissions up 9.0% compared to February 2022
- February 2022 revenue numbers compared to February 2022:
 - Coin in up 5.3%
 - Table games drop up 18.7%
 - Net gaming revenue up 6.0%
 - Retail Sportsbook Revenue: -\$121,828.00
 - This is down from January which posted \$-10,584.
 - The retail sportsbook has been under construction for a few months, this has gotten pushed back due to some equipment not being ready for shipment. Construction is anticipated to be completed in the last week of April.
 - A patron won approximately \$70K on a wager for the Chiefs to win the Superbowl, that patron wagered the majority of their winnings on the NCAA tournament.
 - Digital Sportsbook Revenue: -\$3,310,368.00
 - This is down from January which posted a positive win of \$1,179,189.
- Events and Promotions:
 - February
 - Casino Hot Seats every Monday.

- Casino Hot Seats every Tuesday.
- Camp 49 promotional specials on Wednesday.
- Casino Hot Seats every Thursday.
- Love is in the Spins promotion Friday the 3rd, 10th, and 17th.
- 80's rock band Slaughter on Friday 24th.
- Cash is King month end promotion on Saturday the 25th.
- Casino gift day every Saturday.
- March
 - Casino Hot Seats every Monday.
 - Casino Hot Seats every Tuesday.
 - Camp 49 promotional specials on Wednesday.
 - Casino Hot Seats every Thursday.
 - Prize Wheel promotions Friday the 3rd, 10th and 17th.
 - Cash is King month end promotion on Saturday the 25th.
 - Casino gift day every Saturday.
 - Bonus casino gift day of Sunday the 26th.
- COVID-19
 - 2 cases in February and 1 so far in March.

COMMISSION ITEMS –
OLD BUSINESS (F.)

There was no old business.

COMMISSION ITEMS –
NEW BUSINESS; (G.)

There was no new business.

PUBLIC COMMENTS
(H.)

There were no public comments.

STAFF REPORTS
(I.1. and I.2.)

Garrett Rogers, Paralegal, reported on the Voluntary Exclusion Program statistics for the month of February 2023.

- Chairman Moses acknowledged and congratulated Sarah Lynch-Chaput, who was the previous paralegal for KRGC, for being selected as the head of the Washburn Law Journal Board of Editors and the wonderful work she has been doing.

Executive Director Brownlee reported:

- Announced that KRGC has its first marketing agreement under the sports wagering statutes. The agreement was established between Boot Hill Casino & Resort and a Bar and Grill in Cimmaron, Ks.
- KRGC received three applications for the organizational license to offer historical horse racing in Sedgwick County. KRGC is currently reviewing the applications for

completeness. Applicants will be notified of additional information the KRGC needs to proceed. Once the KRGC receives that information, the commission will move to establish dates of presentations. The presentations will take place in Sedgwick County, the exact date and location have not been confirmed.

- Commissioner Turnquist asked if there is a deadline that the KRGC must notify applicants by. Executive Director Brownlee said statutorily the KRGC has a 30-day period to let applicants know what is missing from their application. There is not a deadline for applicants to submit the additional information. KRGC will establish that deadline through conversations with the commissioners by the end of the day. Commissioner Turnquist asked if the KRGC was confident it could meet the 30-day deadline. Executive Director Brownlee affirmed he was.
- Chairman Moses asked if the 30-day period begins from the date the application was submitted or from the deadline to submit applications. Executive Brownlee confirmed that it was from the deadline date, February 28th.
- Historical horse regulations are now being reviewed by the Department of Administration. Government Relations Manager Randy Evans is coordinating that process.
- The temporary sports wagering regulations are still being reviewed by the Attorney General's office. Director of Sports Wagering and Licensing DJ Lopez is coordinating that process.
- Government Relations Manager Randy Evans has been keeping commissioners informed on legislative issues. Currently the KRGC is watching a bill regarding board commissioner pay issues and a bill on the disbursement of state tax on historical horse racing revenues.
 - Chairman Moses acknowledged Randy Evans valuable input and thanked him for his quick responses to questions.
- The Senate passed a budget bill that did not include the governor's recommendation for a 5% pay increase for state employees. In listening to a committee meeting in House Appropriations, it was apparent the Chairman does not support the 5% pay increase. Typically, these pay issues for

state employees come down to the omnibus bill at the end of the session.

- The Missouri House and Senate committees passed sports wagering legislation. The Missouri legislature has not yet taken full floor debate.
- In Oklahoma a sports wagering bill has been passed out of a House committee. It would allow sports wagering through the tribal casinos. In Missouri and Oklahoma, the sports wagering tax is the same as Kansas; 10%.
 - Chairman Moses asked if Oklahoma has allowed tribal casinos to offer sports wagering. Executive Director Brownlee clarified that the legislation has only passed through a House committee. Executive Director Brownlee believes that the legislation would allow sports wagering in a way that is comparable to the way Kansas allows sports wagering through the lottery gaming facilities. Chairman Moses asked if tribal casinos are the only casinos in Oklahoma. Executive Director Brownlee confirmed that they are. Chairman Moses summarized that if Oklahoma wants to allow sports wagering, the state legislature would have to open it up or go through the tribal casinos. Executive Director Brownlee agreed.
 - Chairman Moses asked if the tribal casinos of Oklahoma are governed by the same entity that governs the Kansas tribal casinos. Executive Director Brownlee said that the Oklahoma tribal casinos are a mix of class two and class three casinos. The class three are like the tribal casinos here in Kansas, in where they must have a compact with the state. The class two side is regulated by the federal government.
 - Chairman Moses recalled that Kansas tribes were working with the governor's office to see if they could also offer sports wagering. Chairman Moses asked for a status update regarding the compact negotiations. Executive Director Brownlee said that there are allowances for the tribal casinos to have sports wagering in the statutes that were passed last year. The tribes could develop a sports wagering contract with the lottery now, much like the casinos do. The tribes are also in the midst of re-negotiating the compact with the governor's administration, and so Executive

Director Brownlee is unsure of which way they may choose. The tribes have requested some information from KRGC as though they were going to go through the existing statutes like the lottery gaming facilities. Chairman Moses asked if that happens will that mean that the KRGC is responsible for regulating tribal sports wagering. Executive Director Brownlee confirmed that the commission would be regulating the sports wagering only.

- Commissioner Spalding said her understanding was that there is a nationwide tribal organization that governs the individual tribes' ability to offer sports wagering. Executive Director Brownlee said that he is not familiar with that, other than the Indian Gaming Regulatory Act has control over what the class two tribal casinos can and will do. Chairman Moses noted that there is a federal agency that regulates the tribal casinos and asked General Counsel Taylor to confirm. General Counsel Taylor affirmed the Chairman's statement explaining that the Indian Gaming Regulatory Association (IGRA) is the federal level, and on the state level there is the Kansas State Gaming agency. Chairman Moses asked if there are any federal government requirements for Kansas tribal casinos to offer sports wagering, or if it must only go through the state. General Counsel Taylor said that she believes the IGRA would have to give approval for tribal sports wagering to be allowed nationwide, however she is not certain as she is not a tribal law expert.
- The next commission meeting is scheduled to be in Topeka, Ks on April 14th, 2023.

MOTION, EXECUTIVE
SESSION;
CONFIDENTIAL
BACKGROUND
REPORTS
(J.1.)

Commissioner Turnquist (Spalding) moved that the Commission go into executive session for the purpose of reviewing confidential background reports presented today by the commission's security division. In addition to the commissioners, the confidential background reports portion included the executive director, general counsel, and director of security. The total time for the executive session was anticipated to be ten (10) minutes until 10:56 a.m. No action is to be taken in executive session, and the subjects discussed are to be limited as previously described. A full record of this motion is to be maintained as part of the permanent record of the Kansas Racing and Gaming

Commission. At the conclusion of the executive session, the meeting is to be continued in open session. The motion carried 3-0, and the meeting was adjourned to executive session at 10:46 a.m.

RECONVENE
(J.2.)

The commission meeting returned to open session at 10:56 a.m. with Chairman Moses, Commissioner Turnquist, and Commissioner Spalding present.

MOTION, EXECUTIVE
SESSION; ATTORNEY-
CLIENT PRIVILEGE
(J.3.)

Commissioner Spalding (Turnquist) moved that the Commission go into executive session for the purpose of consulting with the agency's attorney on attorney-client privileged communications. In addition to the commissioners, the attorney-client privileged communications will include the executive director, general counsel, and director of sports wagering and licensing. After discussion, the total time for the executive session was anticipated to be one (1) hour until 12:00 p.m. No action is to be taken in executive session, and the subjects discussed are to be limited as previously described. A full record of this motion is to be maintained as part of the permanent record of the Kansas Racing and Gaming Commission. At the conclusion of the executive session, the meeting is to be continued in open session. The motion carried 3-0, and the meeting was adjourned to executive session at 11:00 a.m.

RECONVENE
(J.4.)

The commission meeting returned to open session at 12:00 p.m. with Chairman Moses, Commissioner Turnquist, and Commissioner Spalding present.

General Counsel Taylor corrected a previous statement; stating that after further consideration tribal casinos can offer whatever gaming the state offers. Since Kansas is offering sports wagering, the only hurdle stopping tribal sports wagering is that the current compact prohibits it. General Counsel Taylor noted that she is not a tribal law expert but believes that this is how tribal sports wagering will be established.

MOTIONS ON LICENSE
APPLICATIONS
(K.1.)

Commissioner Turnquist (Spalding) moved to *deny three* license applications and *approve the remaining 192* license applications from the March 17, 2023, list of background reports referred to the commission for action. The motion carried 3-0.

OTHER BUSINESS

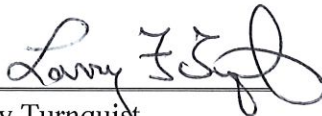
There were no other items for discussion or motion.

ADJOURNMENT
(L.)

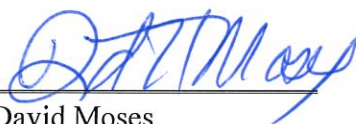
Chairman Moses stated that the April 14, 2023, commission meeting will begin at 10:00 a.m. for an in-person meeting at the Eisenhower State Office Building in Topeka, Kansas.

Commissioner Spalding (Turnquist) moved to adjourn the meeting. Motion passed 3-0. The meeting was adjourned at 12:03 p.m.

SUBMITTED BY:


Larry Turnquist
Secretary

APPROVED BY:


David Moses
Chairman

